



Five Industry Trends That May (Will) Change How You Do Business in the Future

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“Wherever I see people doing something the way it's always been done, the way it's 'supposed' to be done, following the same old trends, well, that's just a big red flag to me to go look somewhere else.”

- Mark Cuban

5 Trends We Will Discuss



Demographics - Clients



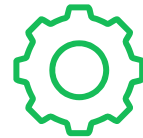
Crisis of Differentiation



Demographics - Advisors



Innovation of Business Models



Technology


Demographics: Clients

- Gen X and Gen Y have different needs as client
- Why? Unique life stage; use of technology
- Better served by different business models
- Younger clients currently underserved = huge opportunity



Why Advisors Should Pay Attention

- Gen X and Gen Y have trust issues with traditional advisors
- Gen Y poised to inherit \$30 trillions of dollars in assets
- Want to work with an advisor within 10 years of their own age



Gen X/Y Don't Want to Buy Happy Meals
If you want to work with the next generation, practically everything about the service will be different.

Demographics: Advisors

- Younger advisors have different views about work/life balance than older generations
- Starting new businesses, challenges as successors, etc...
- Young advisors have incredible level of training coming out of college, but owners don't know how to leverage them
- And older advisors not necessarily leaving in the numbers that most expected, either!



Why Advisors Should Pay Attention

- Younger advisors need new options to better serve their Gen X and Gen Y peers
- Young advisors don't want to work 80 hour weeks to earn their dues, but they aren't lazy either
- As many CFP's over 70 than under 30 – if you want to secure your firm's future, you must find a way to recruit younger advisors



Without a change in attitude, most advisors will fail to pass their firm to the next generation of advisors!

Technology & Automation

- Commoditizing parts of investment management
- Forcing “advisors” towards financial planning (which makes differentiation a challenge as numbers increase)
- Makes it easier for advisors to start/scale businesses as well though!



Why Advisors Should Pay Attention

- Bootstrapping a firm is easier than ever before – which allows more advisors to work independently than ever before
- Technology makes it feasible to automate more than ever before, giving us *more* time to spend focused on clients!
- Technology has also made it easier for advisors to leave and start their own practices

You can't be more efficient than automated technology... You can't out-robo the robo! But you can add value beyond it.

Crisis of Differentiation

- More CFPs than ever before - getting harder to differentiate
- Experience and credentials aren't enough anymore; for what types of clients or problems are you *truly* an expert?
- Need & opportunity for digital presence and online marketing, social media, blogging, etc; the rise of inbound marketing
- Investment management is becoming commoditized, driving the industry towards being more planning centric



Why Advisors Should Pay Attention

- Generalization can hurt; specialization makes you a go-to expert and authority, and more easily referable
- Google Search makes it possible to find anything!
- Investing in an online presence is now mandatory

If you had a serious problem to solve, would you look for a reasonably competent person in the area, or the best expert in the world?

Innovation of Business Model

- What is the true future of AUM?
- Hourly, annual retainer, monthly retainer, and blended models – on top of “just” AUM
- Some changing to manage profitability, others as differentiator, others out of necessity to serve target market
- Some more conducive to “staying small” as a firm, others foster expansion



Why Advisors Should Pay Attention

- You *can* profitably serve clients on new business models (and clients may demand it)
- Increasing demands on transparency may encourage a change in business models
- Continuing to only charge AUM will limit your firm to a very small segment of the population

There has never been a time in financial planning in which more things were in flux. You must be willing to evaluate every step of your business process to continue growing your business.



Questions?

Where We Can Connect



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